

Message Text

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17

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 L-03 /069 W

----- 121840

R 300620Z JUN 75

FM AMEMBASSY SANA

TO SECSTATE WASHDC 5845

UNCLAS SANA 1694

E.O. 11652: N/A

TAGS: BTIO, MASS, YE

SUBJECT: TIRE RETREAD FACILITY

FOR NEA/ARP: PLEASE PASS TO LODI

1. ON 29 JUNE, FOLLOWING REVIEW OF SALES AGREEMENT PREPARED BY LODI, YAR COFS INFORMED EMBOFF THAT HE COULD NOT ACCEPT TWO POINTS AS THEY NOW STAND IN THE CONTRACT:

A. HE INSISTS ON A 24 MONTH GUARANTEE PERIOD VICE THE 12 MONTH PERIOD OFFERED IN LODI CONTRACT.

B. HE INSISTS THAT STAND-BY LETTER OF CREDIT BE DRAWN ON A BANK, PREFERABLY A NON-US BANK, WITH BRANCHES IN THE MIDDLE EAST.

2. COFS'S RATIONAL FOR ABOVE BASED ON CLAIMED UNIVERSAL AGREEMENT OF COMPETING COMPANIES TO GIVE 24 MONTH GUARANTEE PERIOD ON EQUIPMENT AND FEELING OF ISOLATION AND INABILITY TO TAKE ANY RE COURSE IF AGREEMENT WERE TO NUG SOUR AND IT BECAME NECESSARY TO CALL LETTER OF CREDIT. EMBOFF'S ATTEMPTS TO COUNTER THESE POINTS WITH EXAMPLES OF WORLDWIDE US PRACTICES WERE MET WITH ATTITUDE THAT "BECAUSE LODI' PRICES ARE HIGHER THAN THEIR COMPETITION THEY SHOULD BE WILLING TO GIVE ON THESE TWO POINTS."

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3. IF LODI CAN ACCEPT THESE TWO CHANGES, OR SUGGEST

ACCEPTABLE ALTERNATIVES WE ARE READY TO PASS THEIR
COMMENTS TO COFS HERE ASAP.

4. FOR NEA/ARP: THROUGHOUT THE NEGOTIATIONS FOR THIS
RETREAD FACILITY THERE HAS BEEN EVIDENT AN ATTITUDE
ON THE PART OF THE YEMENIS NOT UNLIKE THAT OF THE
ONCE BURNED COUNTRY BOY WHO IS DETERMINED NOT TO GET
TAKEN AGAIN BY THE CITY SLICKER. REPEATED REFERENCES ARE
MADE TO THE JEEP DEAL WHENEVER THE RETREAD FACILITY
IS DISCUSSED. COFS FEELS THAT HE WAS LEAD DOWN THE
PRIMROSE PATH WITH PROMISES OF A TWO MONTH AVAILABILITY
DATE. HE REFERRED TO THAT EXPERIENCE WHEN THE LODI

COMPANY REP WAS IN SANA AND HE CONTINUES TO DRAW, OR RATHER,
TRIES TO AVOID PARALLELS TO THAT EXPERIENCE.

SCOTES

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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Unique ID: 00
Drafter: n/a
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